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THE REGIONAL MUNICIPALITY OF HAMILTON - WENTWORTH



10TH ANNIVERSARY 1974-1984

FINANCIAL REPORT 1983

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HAMILTON - WENTWORTH



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10TH ANNIVERSARY 1974-1984



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INTRODUCTION



10TH ANNIVERSARY 1974-1984



Front Row starting from left: Councillors F. Lombardo, C. C. Ward, D. Weylie, Anne H. Jones (Regional Chairman), R. Morrow, A. Sloat, W. L. Sears, J. T. Bennett.
 Middle Row starting from left: Councillors W. McCulloch, B. Charlton, I. Stout, V. Scott, O. Thomson, T. Murray, J. A. Prentice, P. Cowell, H. Bell.
 Back Row starting from left: Councillors J. Bethune, B. Hinkley, S. Collins, C. J. Robb, M. Kiss, R. E. Wade, D. Gray, V. Agro, M. Davison.
 Absent from photograph: Councillors H. Merling, P. Peterson.



GEOGRAPHIC LOCATION

The Regional Municipality of Hamilton-Wentworth is located on Lake Ontario, approximately 65 kilometres West of Metropolitan Toronto, at the centre of the Golden Horseshoe. The Region is comprised of the City of Hamilton, the City of Stoney Creek, the Town of Ancaster, the Town of Dundas, the Township of Flamborough and the Township of Glanbrook.

GOVERNING STRUCTURE OF THE REGION

The Regional Municipality of Hamilton-Wentworth is governed by a Regional Council. The composition of the Council includes the six Mayors of the lower tier municipalities with all other members of the Council being elected by the constituents within the area municipalities. The present members of Regional Council are identified on page 5 of this report. The members elected to Regional Council elect a chairman who becomes the head of the council. The council members form standing committees, each of which has its own specific responsibilities and reports to the Regional Council.

PURPOSE

The goal of Regional Council is to provide a wide range of essential services to its inhabitants — at the lowest possible cost. The range of services which the Region provides is mainly prescribed by Provincial Legislation.

The Regional Municipality of Hamilton-Wentworth is the upper tier municipality with the six area municipalities forming the lower tier. Services provided by the Region include police protection, social services, planning and development, transportation services, environmental services (sewer, water purification and solid waste disposal etc.) health services and long term financing. Further details of the range of services provided by the Regional Municipality of Hamilton-Wentworth can be found on page 20'. Typical services provided by a lower tier municipality would include fire protection, culture and recreation (including parks), solid waste collection, non-arterial roads and cemeteries.

Regional costs are recovered by a combination of user charges, provincial and federal subsidies and by tax levy on the area municipalities who tax the ratepayers for the Region, the Boards of Education and their own levy purposes.



The Regional Municipality of Hamilton-Wentworth is now 10 years old — and can look back with considerable pride at its accomplishments as a metropolitan area during those 10 years.

It began with a solid financial base. It was fortunate in that every municipality that formed the Region was sound — viable — with good prospects for the future. As the Region moved forward in its growth, it gradually began to reduce its per-capita debt and created reserves which have enabled us to move forward into a Pay-As-You-Go financial plan for our capital projects.

A major priority of Regional Council has been the servicing of land for industrial development in various communities. The Region has now reached the point where in every community there are attractive choices for businesses who are seeking to move into a new location.

A second priority has been an improvement in our transportation linkages. Already the twinning of the Burlington Skyway by the Province of Ontario is underway — and major improvements have been made to the access to the industrial area within the City of Hamilton.

The City is on its way with its new Arena/Trade Centre — and this, along with its Civic Centre formed by the City Hall, Board of Education Building, the Art Gallery, the Theatre/Convention Centre, the new central Library and Market, high rise towers and major shopping areas, make it obviously a City on the move. Plans are now underway to establish full GO Transit commuter service which will link us to communities all the way through to Oshawa; a new GO station to be built in the heart of downtown combined with a new bus station, will emphasize again that the central urban core is vibrant and in good health.

Ancaster continues to be a heritage town — and yet has within its borders some of the finest new residential development in the area. Its new industrial site will be home to the first CAD/CAM Centre in Hamilton-Wentworth — and this will be a catalyst for the kind of high-tech development which Ancaster is encouraging.

Although Flamborough continues to be rural and agricultural in large measure — and famous as the home of harness racing Flamboro Downs, and the Lion Safari, one of the finest tourist attractions in Canada, as well as Wentworth Heritage Village, a fine example of pioneer lifestyle — it nevertheless has also had some exciting new residential developments. Flamborough is in the process of establishing its new industrial park in one of the most ideally located areas in terms of transportation, in the whole of the Region.

Dundas, known as the Valley Town — and the Cactus Capital of the World — continues to thrive — and to provide to its citizens some of the broadest opportunities for cultural and recreational activities in Canada.



Expanding the International Airport at Glanbrook will allow for industrial growth around it. This will complement the solid agricultural base of Glanbrook, the home of one of Canada's major equestrian centres.

Stoney Creek, famous for its tender fruitlands, has now acquired the status of a City. It is a very fast-growing area with great potential for new industrial growth — and its popularity as a residential area as well continues to grow.

The Hamilton Harbour not only continues to be productive — a solid base for Hamilton employment and wealth — but provides an excellent recreational facility for citizens. The Hamilton Harbour Commissioners are planning a new industrial park on the north side of the Bay — and servicing is already underway to allow for that project.

We continue to be proud of our Regional Police Force — recognized by the Ontario Police Commission as one of the finest examples of Regional Policing in Canada. The excellent security they provide is important not only to our individual citizens, but also to our businesses and industries. Our 911 Emergency Number continues to serve those in sudden need of assistance.

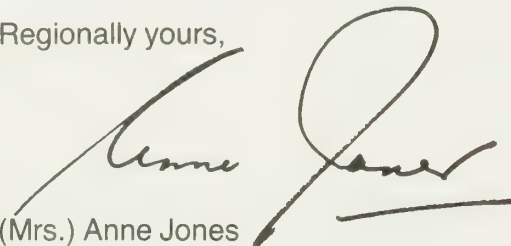
The major environmental services for which the Region is responsible — the provision of pure water — sewers — sewage treatment — solid waste disposal — all we feel are handled with efficiency and economy. SWARU, our resource recovery unit, is pioneering in incinerating waste, reclaiming metal and producing steam, which in turn produces hydro. Our decision to contract out the operation of our solid waste disposal to private industry has been a sound move.

While we are proud to be the Steel Capital of Canada, we are far more than a steel town. We have branched into secondary industry — and we are a regional centre for education with McMaster University and Mohawk College — for medical care with our McMaster Health Sciences Centre and our various hospitals — for culture with a theatre and a cultural network throughout the area. This is a community that works together and the Regional Arts Council, with its membership of 1,000 individual groups, merely highlights that statement.

Our Financial Report for 1983 shows very clearly what is happening in this viable metropolitan area. It shows good government; it shows a community well-managed; it shows a community whose services are provided economically.

Hamilton-Wentworth — a good place in which to live, play, work, invest and do business.

Regionally yours,



(Mrs.) Anne Jones



INTRODUCTION

1983 was another year of difficult economic conditions — with interest rates on long term capital funds reaching 12.25% at the peak; however, on the brighter side, inflation declined from double digits to 6% for the year. During the year, the unemployment rate continued to place significant burden upon the general welfare assistance program as other sources of benefits and support systems were exhausted. This burden started to ease slightly towards the end of the year. In common with the rest of the economy, Hamilton-Wentworth Region experienced slow economic growth. The ability of the Regional Municipality to continue to weather this situation and remain in good financial condition, testifies to the financial management which has prevailed since 1974 when the Region was formed and to the financial policies adopted by Regional Council.

As 1983 drew to a close, and in the early months of 1984, there are signs of economic recovery and several major projects within the greater Hamilton area are underway. The twinning of the Burlington Skyway Bridge is presently under construction and is expected to be completed in 1984 or early 1985; the City of Hamilton Trade Centre and Arena Complex, and the 330 room Hamilton-Sheraton Hotel in the downtown core, are all well into construction.

A number of capital investments in the private sector have also been announced including an expansion at one of the steel companies and another expansion at an automotive-tire producing industry. These, together with the announced expansion of the GO TRANSIT SYSTEM by the Government of Ontario into the Hamilton-Wentworth Region, continuation of the expansion of the Mount Hope Airport and increased capital investment in the Hamilton Harbour by the Federal Government, should ensure that the economic upturn benefits Hamilton-Wentworth and the Greater Hamilton Metropolitan area.

FINANCIAL CONDITION

The Region completed its 10th year of operation and reported its 10th operating surplus, ending 1983 with a consolidated surplus of \$1.1 million. This was due primarily to effective financial control in all areas of the Regional operation.

Regional Reserve and Reserve Funds continued to climb steadily through most of 1983. At \$61.9 million, the Reserves represent 64% of all debt outstanding, as compared with \$54.7 million or 53% of outstanding debt at the end of 1982. This continued improvement is a financial indicator of particular importance and has enabled the Region to further develop a "Pay-As-You-Go" policy for its capital program.



The nature of the Region's debt structure is such that the Region's outstanding capital debt declined from \$251 per capita at the end of 1982 to \$232 per capita at the end of the 1983. This completed a decline from \$273 per capita at the beginning of the current 5 year period (1979-1983). Debenture charges as a portion of the Region's current overall expenditure continued to decline, from 10.6% at the end of 1979 to 7.1% at the end of 1983.

The Region's taxable assessment base expanded slightly with new assessment during 1983, while the ratio of commercial industrial assessment as a percentage of the total assessment, decreased slightly. Part of this shift is attributed to the continuing growth in new residential construction.

FINANCIAL POLICIES

Regional Council has, since 1974, moved consistently away from the use of debenture financing for capital expenditure. To date even large road programs have not been debentured. This, along with the combination of shortening debenture term from a 20 year term to a more marketable 5-10 year term, and the use of capital reserves for financing purposes, has contributed to the Region's strong financial position. As a result, the portion of the Region's operating revenue which must be earmarked for debt servicing has declined.

As an operating policy for the preparation of the 1984-1988 Capital Budget, Regional Council utilized the concept that external debt would not be used for capital purposes, but the funding would be financed internally through a unique combination of operating revenues and advances from the Regional reserves. These advances will be repaid with interest in future years. The 1984-1988 Capital Forecast and Financing Plan was prepared on this basis and adopted by Regional Council in December 1983, the earliest adoption date since the Region was formed in 1974.

MANAGEMENT

Integrating some dispersed administrative functions is continuing. In 1983 the concept of program evaluation was given emphasis with the redeployment of existing resources in this direction and the internal audit function is enhancing financial controls in the Region.

Corporate systems development continued through 1983 and will place a high emphasis on management systems as well as service systems which will be cost and service efficient. The implementation of a financial control and information system during 1984 and 1985 will greatly enhance the quality of management information available to operating departments, Regional Committees and Council. Improved systems are also being introduced in solid waste and sewer and water billing, to reduce the billing period, improve cash flow and improve the Region's information base. Payback on these systems is typically between one to three years.



CONCLUSION

The production of the Region's Financial Report owes a great deal to many people, particularly the staff in the Department of Finance, the administrative and financial staff in other Regional departments and boards, and the co-operation of the Region's external auditors, MacGillivray & Company. Without the efforts of all these individuals, it would not have been possible to present the Audited Financial Report by March 2, 1984, again giving the Region the distinction of being one of the first major municipalities to file their audited report with the Province. This prompt production of audited annual financial results has been one of the major accomplishments during the 10 year history of the Region and will continue as one of the priorities of the Department of Finance.

G. W. Lawson, CPFA, CGA
Treasurer and Commissioner of Finance



FINANCIAL (in \$000's)	<u>1983</u> \$	<u>1982</u> \$	<u>1981</u> \$	<u>1980</u> \$	<u>1979</u> \$
CURRENT PROGRAM ACTIVITY					
Analysis of Revenue					
Property taxation	75,246	72,039	65,005	58,943	55,597
Direct charges to ratepayers	39,381	33,289	29,984	26,783	24,942
Provincial subsidies	84,592	81,764	67,001	58,561	48,689
Fees and service charges	28,530	26,680	27,084	21,779	20,270
Other revenue	5,371	5,112	5,520	7,337	5,112
Surplus from previous year	<u>1,386</u>	<u>2,645</u>	<u>1,528</u>	<u>988</u>	<u>1,060</u>
	<u>234,506</u>	<u>221,529</u>	<u>196,122</u>	<u>174,391</u>	<u>155,670</u>
Analysis of Expenditure					
Salaries and wages	96,943	86,557	79,219	69,015	60,526
Goods and services	52,829	51,242	49,514	40,357	34,526
Transfer payments	66,829	64,968	47,585	47,186	43,325
Debt charges	<u>16,788</u>	<u>17,376</u>	<u>17,159</u>	<u>16,305</u>	<u>16,305</u>
	<u>233,389</u>	<u>220,143</u>	<u>193,477</u>	<u>172,863</u>	<u>154,682</u>
Accumulated Net Revenue at the end of the year	<u>1,117</u>	<u>1,386</u>	<u>2,645</u>	<u>1,528</u>	<u>988</u>
CAPITAL PROGRAM ACTIVITY					
Capital Expenditure	<u>47,794</u>	<u>40,265</u>	<u>22,168</u>	<u>31,970</u>	<u>27,816</u>
Capital Financing					
Contributions from own funds	23,082	24,399	16,672	18,147	31,016
Long term liabilities	—	5,713	10,485	81	214
Ontario grants	13,228	2,090	2,707	1,038	9,964
Other	<u>445</u>	<u>3,001</u>	<u>1,030</u>	<u>506</u>	<u>492</u>
	<u>36,755</u>	<u>35,203</u>	<u>30,894</u>	<u>19,772</u>	<u>41,686</u>
Unexpended Capital Financing (Unfinanced Capital Expenditure) at the end of the year	<u>(872)</u>	<u>10,167</u>	<u>15,229</u>	<u>6,503</u>	<u>18,701</u>
RESERVES AND RESERVE FUND AT THE END OF THE YEAR	<u>61,969</u>	<u>54,739</u>	<u>41,387</u>	<u>32,892</u>	<u>29,534</u>
NET LONG TERM DEBT					
General	36,622	40,141	42,097	41,396	44,279
Regional Enterprises	<u>59,384</u>	<u>63,696</u>	<u>63,855</u>	<u>62,534</u>	<u>66,881</u>
	<u>96,006</u>	<u>103,837</u>	<u>105,952</u>	<u>103,930</u>	<u>111,160</u>
CHARGES FOR NET LONG TERM DEBT					
General	6,193	6,889	6,758	6,853	7,023
Regional Enterprises	10,595	10,487	10,401	9,452	9,282
Reserves	<u>1,136</u>	<u>202</u>	<u>116</u>	<u>117</u>	<u>132</u>
	<u>17,924</u>	<u>17,578</u>	<u>17,275</u>	<u>16,422</u>	<u>16,437</u>



	1983 \$	1982 \$	1981 \$	1980 \$	1979 \$
TAXABLE ASSESSMENT (in \$000's)					
Residential and farm	699,535	689,147	672,446	671,858	674,738
Commercial and industrial	307,442	309,551	298,166	295,130	282,549
Business	142,693	143,190	138,383	137,693	131,443
Total	<u>1,149,670</u>	<u>1,141,888</u>	<u>1,108,995</u>	<u>1,104,681</u>	<u>1,088,730</u>

PER CAPITA INFORMATION

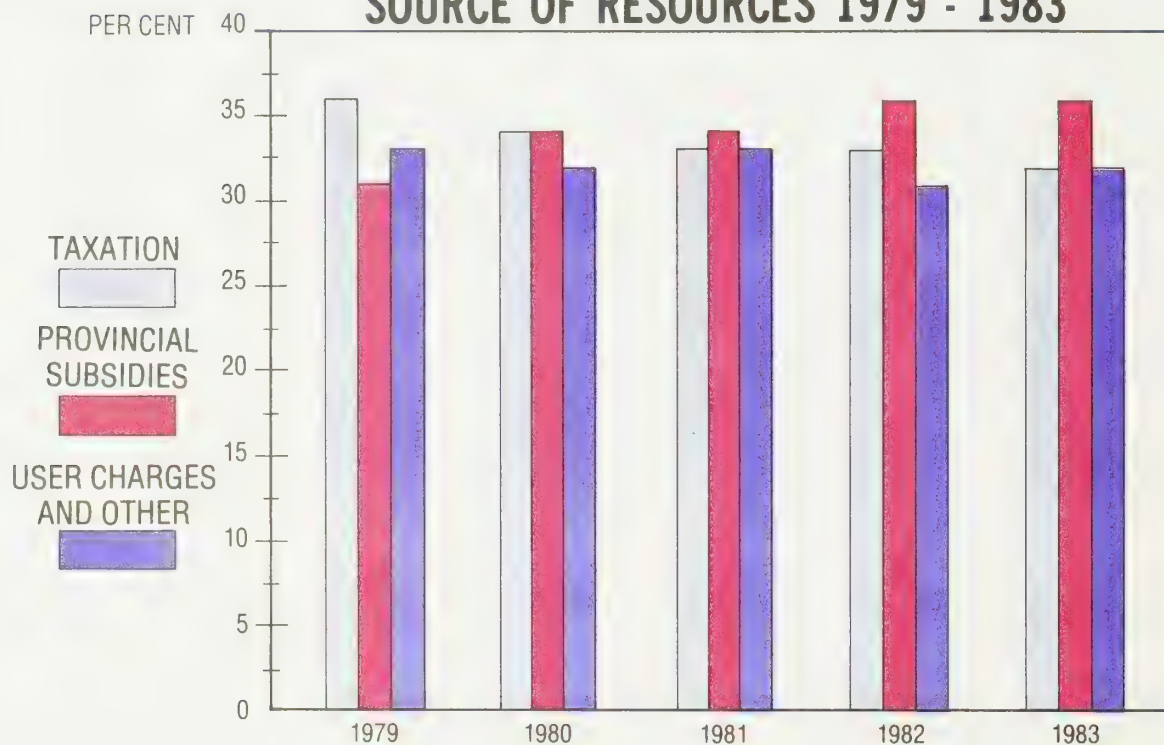
Taxable assessment	\$ 2,773	\$ 2,757	\$ 2,678	\$ 2,694	\$ 2,670
Current expenditure	\$ 563	\$ 532	\$ 467	\$ 422	\$ 379
Net long term debt					
General	\$ 88	\$ 97	\$ 102	\$ 101	\$ 109
Regional enterprises	\$ 144	\$ 154	\$ 154	\$ 152	\$ 164
	<u>\$ 232</u>	<u>\$ 251</u>	<u>\$ 256</u>	<u>\$ 253</u>	<u>\$ 273</u>
Charges for net long term debt					
General	\$ 15	\$ 17	\$ 16	\$ 17	\$ 17
Regional enterprises	\$ 25	\$ 25	\$ 25	\$ 23	\$ 23
Reserves	\$ 3	—	—	—	—
	<u>\$ 43</u>	<u>\$ 42</u>	<u>\$ 41</u>	<u>\$ 40</u>	<u>\$ 40</u>
Commercial, industrial and business as a percentage of total	39.1%	39.6%	39.4%	39.2%	38.0%

STATISTICAL

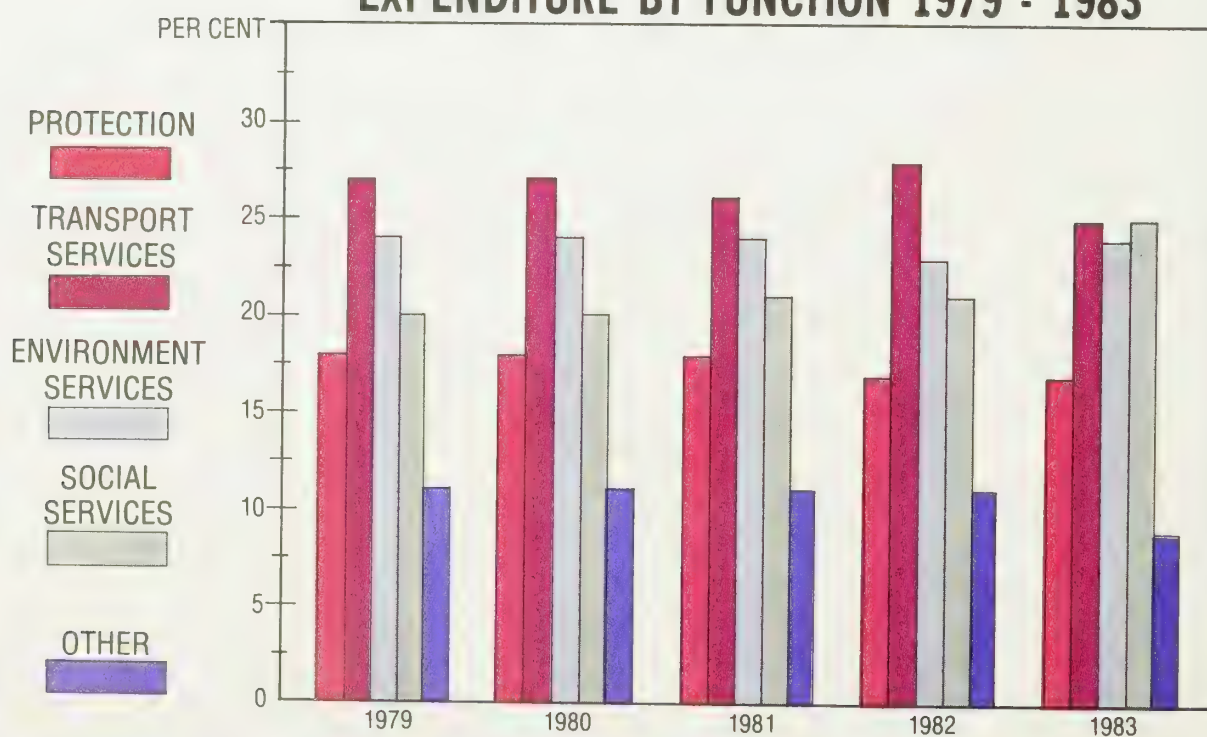
Population	414,456	414,175	414,067	410,045	407,758
Area in acres	280,764	280,764	280,764	280,764	280,764
Employees					
Continuous full-time	3,229	3,215	3,141	3,160	3,095
Part-time	551	373	274	228	215
Households	155,634	155,519	154,677	153,573	152,710



SOURCE OF RESOURCES 1979 - 1983



EXPENDITURE BY FUNCTION 1979 - 1983



ORGANIZATIONAL STRUCTURE



10TH ANNIVERSARY 1974-1984



Left to right — Front Row: W. M. Carson (Commissioner of Social Services), J. M. Gallipeau (Regional Clerk), C. T. C. Armstrong (Chief Administrative Officer), J. D. Thoms (Commissioner of Planning).

Left to right — Back Row: L. R. Flemming (Director of Personnel), Dr. A. I. Cunningham (Medical Officer of Health), R. M. Plant (Regional Solicitor), G. W. Lawson (Commissioner of Finance), H. W. Schweinbenz (Public Transit Manager), J. R. G. Leach (Commissioner of Engineering), D. Cole (Director of Economic Development).

Not Shown: G. V. Torrance (Chief of Police) and I. M. Calbick (Chief Librarian).



CHAIRMAN AND REGIONAL COUNCIL

<u>FINANCE COMMITTEE</u>	<u>ECONOMIC DEVELOPMENT COMMITTEE</u>	<u>SOCIAL SERVICES COMMITTEE</u>	<u>ENGINEERING SERVICES COMMITTEE</u>	
Chairman	Economic	Social Assistance	Engineering	
Co-ordinator	Development	Family Services	Administration	
Clerk	Industrial Land	Wentworth Lodge	General Engineering	
Solicitor	Heritage Village	Macassa Lodge	Solid Waste	
Finance	Pump House		Roads and Bridges	
Accommodation			Laboratories	
Emergency Services			Land Drainage	
Financial Charges			Water and Sewer	
Hospitals				
Grants				
<u>TRANSIT COMMITTEE</u>	<u>PLANNING AND DEVELOPMENT COMMITTEE</u>	<u>HEALTH SERVICES COMMITTEE</u>	<u>PERSONNEL COMMITTEE</u>	<u>LEGISLATION & RECEPTION COMMITTEE</u>
Hamilton Street	Planning	Health Services	Personnel	Legislation
Railway				Receptions
Canada Coach Lines				

BOARDS AND COMMISSIONS

<u>BOARD OF POLICE COMMISSIONERS</u>	<u>CONSERVATION AUTHORITIES</u>	<u>CHILDREN'S AID SOCIETIES</u>	<u>LIBRARY BOARD</u>
Protection to persons and property	Flood Control	Care and protection of Children in Need	Wentworth Library
School Traffic	Recreation Facilities		
	<u>ROYAL BOTANICAL GARDENS</u>	<u>DISABLED AND AGED REGIONAL TRANSIT</u>	
	Scientific	Transportation for the Disabled and Aged	
	Education Horticultural Gardens		



DEPARTMENT OF FINANCE

G. W. Lawson
Commissioner of Finance

T. J. Bunce
Director of Accounting

D. J. Tyler
Director of Finance

J. P. Bruzzese
Director of Revenue

M. Peacock
Internal Auditor

D. F. Jervis
Co-ordinator — Systems

AUDITORS

MacGillivray & Co., Chartered Accountants

FISCAL AGENCY

Wood Gundy Limited

Bell Gouinlock Company Limited

Pitfield MacKay Ross Limited

BANKERS

Bank of Montreal

Canadian Imperial Bank of Commerce



ENVIRONMENTAL SERVICES

- dispose of solid waste through a combination of landfill sites and a Solid Waste and Reduction Unit (SWARU)
- control industrial liquid waste
- supply and distribute water
- collect and treat sanitary sewage
- construct sanitary and storm sewers and water connections

SOCIAL SERVICES

- provide social and financial assistance to the unemployed, the unemployable and persons in need of temporary assistance
- operate Regional child development centres, day nurseries and home day care programs
- aid community, social and health agencies in their funding to provide support services in the community
- provide services and facilities for senior citizens through Homes for the Aged

PLANNING AND DEVELOPMENT

- provide economic analysis and policy development
- prepare and maintain Regional official plan
- process, approve, and report on plans of subdivisions and condominiums
- forecast and develop Regional transportation
- maintain updated zoning regulations
- attract new industry and businesses to the Region
- develop industrial park lands
- promote tourism and conventions
- operation of Wentworth Heritage Village and Steam Museum

CONSERVATION AUTHORITIES

- provide flood prevention, water conservation and erosion control programs
- manage recreational land development

LAND DIVISION COMMITTEE

- approve land severance applications

BOARD OF POLICE COMMISSIONERS

- prevent and detect crime within the Region
- protect persons and property
- maintain law and order
- provide safety instruction to youth including school traffic crossing guards
- apprehend and bring before courts of law, alleged offenders
- reduce motor vehicle collisions through selective traffic enforcement

HEALTH SERVICES

- promote and protect the health and well-being of the citizens of Hamilton-Wentworth
- prevent disease through inspection services
- provide nursing and counselling services
- establish a comprehensive program of health education, information, diagnosis and education, information, and treatment of communicable diseases
- provide preventive and educational dental program
- provide mental health services

GENERAL GOVERNMENT

- provide financial expertise, corporate reporting, accounting control and policy development
- provide personnel services and policies
- provide sewer and water billing and customer services
- secure capital financing for the Region, Area Municipalities and School Boards
- provide legal services and secretarial services to departments and council

TRANSPORTATION SERVICES

- provide transportation systems for the Region's citizens within the Region's boundaries and to other Canadian and American cities

*CONSOLIDATED
FINANCIAL STATEMENTS*



10TH ANNIVERSARY 1974-1984



CONSOLIDATED FINANCIAL STATEMENTS

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The management of the Regional Municipality of Hamilton-Wentworth is responsible for the integrity and objectivity of the financial information and representations contained in the consolidated financial statements and other sections of their financial report. The consolidated financial statements, which in part, are based on informal judgments and estimates made by management, have been prepared by management in accordance with accounting principles generally accepted for Ontario municipalities, applied on a consistent basis after giving retroactive effect to the changes in accounting policies as described in note (2).

To assist in carrying out their responsibility, management maintains an accounting system and related controls which will provide reasonable assurance that transactions are executed and recorded in accordance with its authorization, that assets are properly safeguarded and accounted for, and that financial records are reliable for preparation of financial statements.

The Region's independent auditors, MacGillivray & Co., are engaged to express an opinion as to whether these consolidated financial statements present fairly the Region's financial position and operating results in accordance with generally accepted accounting principles for Ontario municipalities consistently applied. Their opinion is based on procedures believed by them to be sufficient to support such an opinion.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in note (1) of the notes to the consolidated financial statements. Financial information elsewhere in this Financial Report is consistent with that in the consolidated financial statements.

G. W. Lawson, CPFA, CGA
Treasurer & Commissioner of Finance
February 29, 1984



	<u>1983</u> \$	<u>1982</u> \$
REVENUE		
Taxation and user charges		
Residential and farm taxation	45,148	43,223
Commercial, industrial and business taxation	30,098	28,816
User charges	69,844	61,644
Grants		
Government of Canada	1,590	1,642
Province of Ontario	84,592	81,764
Other		
Investment income	533	902
Other	<u>691</u>	<u>487</u>
TOTAL REVENUE	<u>232,496</u>	<u>218,478</u>
EXPENDITURE		
General government	4,819	7,363
Protection to persons and property	38,316	36,332
Transportation services	48,667	43,526
Environmental services	44,016	42,330
Health services	7,233	6,958
Social and family services	57,983	45,355
Recreation and cultural services	3,660	3,486
Planning and development	<u>3,460</u>	<u>3,085</u>
TOTAL EXPENDITURE	<u>208,154</u>	<u>188,435</u>
EXTRAORDINARY GAINS	<u>182</u>	<u>35</u>
NET APPROPRIATIONS TO OTHER FUNDS		
Reserves and reserve fund	8,524	8,458
Capital fund	<u>16,269</u>	<u>22,879</u>
	<u>24,793</u>	<u>31,337</u>
SURPLUS AT THE BEGINNING OF THE YEAR	<u>1,386</u>	<u>2,645</u>
SURPLUS AT THE END OF THE YEAR	<u>1,117</u>	<u>1,386</u>

All figures are in thousands of dollars

The accompanying notes are an integral part of this financial statement



CONSOLIDATED STATEMENT OF
CAPITAL OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1983

	<u>1983</u> \$	<u>1982</u> \$
REVENUE		
Long term liabilities incurred	—	5,713
Province of Ontario grants	13,228	2,090
Government of Canada grants	18	2,187
Other	427	814
Net appropriations from other funds		
Current operating fund	16,269	22,879
Reserves and reserve fund	<u>6,813</u>	<u>1,520</u>
TOTAL REVENUE	<u>36,755</u>	<u>35,203</u>
EXPENDITURE		
General government	10	—
Protection to persons and property	109	584
Transportation services	23,926	25,673
Environmental services	21,113	12,771
Recreation and cultural services	2,330	842
Planning and development	<u>306</u>	<u>395</u>
TOTAL EXPENDITURE	<u>47,794</u>	<u>40,265</u>
UNEXPENDED CAPITAL RECEIPTS AT THE BEGINNING OF THE YEAR	<u>10,167</u>	<u>15,229</u>
UNEXPENDED CAPITAL RECEIPTS (UNFINANCED CAPITAL EXPENDITURE) AT THE END OF THE YEAR	<u>(872)</u>	<u>10,167</u>

All figures are in thousands of dollars

The accompanying notes are an integral part of this financial statement



RESERVES AND RESERVE FUND
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 1983

	1983 \$	1982 \$
AVAILABLE AT THE BEGINNING OF THE YEAR FOR FUTURE PURPOSES	<u>54,739</u>	<u>41,184</u>
REVENUE		
Contributions from the revenue fund	8,966	8,828
Contributions from the capital fund	2,651	—
Contributions from developers	920	423
Local recoveries	1,676	1,443
Proceeds, sales, fees, other	1,597	1,967
Interest earned	5,778	7,549
Subsidies	<u>73</u>	<u>5</u>
TOTAL REVENUE	<u>21,661</u>	<u>20,215</u>
EXPENDITURE		
Transfers to the revenue fund	442	371
Transfers to the capital fund	9,464	1,520
Charges for long term liabilities	1,136	202
Other	<u>3,389</u>	<u>4,567</u>
TOTAL EXPENDITURE	<u>14,431</u>	<u>6,660</u>
AVAILABLE AT THE END OF THE YEAR FOR FUTURE PURPOSES	<u>61,969</u>	<u>54,739</u>

All figures are in thousands of dollars

The accompanying notes are an integral part of this financial statement



CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1983

	1983 \$	1982 \$		1983 \$	1982 \$
SOURCES OF FINANCING			APPLIED TO		
Taxation and user charges			Current operations		
Residential and farm taxation	45,148	43,223	General government	7,075	8,017
Commercial, industrial and business taxation	30,098	28,816	Protection to persons and property	38,832	37,218
User charges	<u>71,148</u>	<u>65,116</u>	Transportation services	48,716	43,935
	146,394	137,155	Environmental services	45,708	45,063
			Health services	7,233	7,045
			Social and family services	57,983	45,355
			Recreation and cultural services	3,673	3,486
			Planning and development	<u>3,460</u>	<u>3,085</u>
				212,680	193,204
Grants			Capital operations		
Government of Canada	1,608	3,829	General government	10	—
Province of Ontario	<u>97,893</u>	<u>83,860</u>	Protection to persons and property	109	584
	99,501	87,689	Transportation services	23,926	25,673
			Environmental services	21,113	12,771
Other			Recreation and cultural services	2,330	842
Investment income	6,469	8,451	Planning and development	<u>306</u>	<u>395</u>
Other	3,849	1,662		47,794	40,265
Proceeds from the issue of long term liabilities	—	5,713	Net change to reserves and reserve fund	<u>7,229</u>	<u>13,557</u>
Extraordinary gains	<u>182</u>	<u>35</u>			
	10,500	15,861	FUND BALANCES AT THE END OF THE YEAR		
FUND BALANCES AT THE BEGINNING OF THE YEAR			Current operating fund, to be used to offset taxation in subsequent year	1,117	1,386
Current operating fund, to be used to offset taxation in subsequent year	1,386	2,645	Unexpended capital receipts (Unfinanced capital expenditure)	<u>(872)</u>	<u>10,167</u>
Unexpended capital receipts	<u>10,167</u>	<u>15,229</u>	TOTAL APPLICATIONS DURING THE YEAR	<u>267,948</u>	<u>258,579</u>
TOTAL FINANCING AVAILABLE	<u>267,948</u>	<u>258,579</u>			

All figures are in thousands of dollars

The accompanying notes are an integral part of this financial statement



	<u>1983</u> \$	<u>1982</u> \$
ASSETS		
Current		
Cash	436	4,257
Short term investments (note 4)	38,600	46,795
User charges receivable	6,837	5,112
Accounts receivable and accrued revenue	28,163	21,197
Other current assets	<u>1,573</u>	<u>2,076</u>
Total current assets	<u>75,609</u>	<u>79,437</u>
Long term		
Long term investments (note 4)	6,108	9,316
Investment in own debentures (note 4)	<u>7,801</u>	<u>7,187</u>
	<u>13,909</u>	<u>16,503</u>
Capital outlay financed by long term liabilities and to be recovered in future years (note 1 (d))	<u>96,006</u>	<u>103,754</u>
Total long term assets	<u>109,915</u>	<u>120,257</u>
TOTAL ASSETS	<u>185,524</u>	<u>199,694</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	22,073	24,880
Other current liabilities	<u>5,232</u>	<u>4,767</u>
Total current liabilities	<u>27,305</u>	<u>29,647</u>
Long term		
Net long term liabilities (note 6)	<u>96,006</u>	<u>103,754</u>
TOTAL LIABILITIES	<u>123,311</u>	<u>133,401</u>
FUND BALANCES		
Current operating fund, to be used to offset taxation in the subsequent year (note 8)	1,117	1,386
Unexpended capital receipts (Unfinanced capital expenditure) (note 8)	(872)	10,167
Reserves (note 9)	56,305	50,332
Reserve fund (note 9)	<u>5,663</u>	<u>4,408</u>
TOTAL FUND BALANCES	<u>62,213</u>	<u>66,293</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>185,524</u>	<u>199,694</u>

All figures are in thousands of dollars

The accompanying notes are an integral part of this financial statement



1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, sources of financing and expenditure of all committees of Council and the following local boards and Regional enterprises which are under the control of Council:

Library Board
Police Commission
Hamilton Street Railway Company
Canada Coach Lines, Limited
Safety Service and Adjusters Limited
Health Unit

On the above basis of consolidation the accounts of the Hamilton Civic Hospitals, Trust Funds and Royal Botanical Gardens are not included.

(b) Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Region, such resources are classified for accounting and reporting purposes into funds according to the activities or objectives specified. While separate accounts are maintained for each fund in the accompanying financial statements, funds which have similar characteristics have been combined into three major fund groups: Current Operating Fund, Capital Fund and Reserves and Reserve Fund.

The Current Operating Fund accounts for administrative and other operational costs, financed by taxation, direct user charges, grants and other general income. Any surplus in this fund is available to offset taxation or user charges in the subsequent year.

The Capital Fund accounts for funds expended and available for the acquisition of capital assets.

The Reserves and Reserve Fund are funds received for specific purposes. These are established by resolution, by-law or under legislation and amounts are only spent in accordance with the terms of those resolutions, by-laws or legislative provisions.

(c) Accrual Accounting

The consolidated financial statements of the Region have been prepared on the basis of full accrual accounting with the exception of principal payments on long term liabilities which are charged against operations in the periods in which they are paid. Interest is accrued for the period from the last interest payment date to the end of the financial year.



SIGNIFICANT ACCOUNTING POLICIES — (continued)

The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditure is recognized as it is incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(d) Capital Outlay to be Recovered in Future Years

The historical cost and accumulated depreciation of fixed assets are not reported for municipal purposes. Capital outlay to be recovered in future years represents the outstanding principal portion of unmatured long term liabilities.

(e) Net Long Term Liabilities

In addition to the long term liabilities incurred directly, the Region has assumed the responsibility for the charges on debt originally incurred by local municipalities in respect of functions which are now a Regional responsibility.

As well as incurring long term liabilities for Regional purposes, the Region also incurs long term liabilities on behalf of the Area Municipalities and School Boards. The responsibility for raising the amounts required to service this debt lies with the respective Area Municipalities and School Boards.

(f) Investments

Investments are reported at their face value net of any unamortized discount or premium. The difference between the cost and the face value of investments is amortized on a straight-line basis over the term of the security. The net annual amortization is included in the Consolidated Statement of Current Operations.

2. CHANGES IN ACCOUNTING POLICY

(a) Consolidation of Transit Operations

During the current year, the Region included the accounts of The Hamilton Street Railway Company, The Canada Coach Lines, Limited and Safety Services and Adjusters Limited in the Consolidated Financial Statements.

The effect of this change, which has been applied retroactively, was to reduce the 1983 reported consolidated reserves by \$244,000. The cumulative effect of this change to December 31, 1982 amounted to \$138,000 and has been added to the reported consolidated reserves as of that date.



CHANGES IN ACCOUNTING POLICY — (continued)

(b) Accrual of Revenue and Expenditure

During 1982 and prior years Metered Water and Sewer Revenue was recorded in the period in which the billing was rendered. Commencing in the current year any usage which occurs in the current year but is not billed until the subsequent year is accrued as revenue of the current year.

The effect of the above has been to increase the current year's revenue and the ending Reserve balance by approximately \$4,300,000. This change has not been applied on a retroactive basis as it was not practical to do so.

During the current year expenditure was recorded on the accrual basis. In 1982 and prior years expenditure was recorded on a commitment basis. It is not possible to determine the effect this change has had on the current year's expenditure.

(c) Interdepartmental Recoveries

During 1982 and prior years interdepartmental recoveries were recorded as revenue and expenditure. Commencing in the current year these recoveries were netted against the expenditure. The effect of this change has been to reduce the current year's revenue and expenditure by \$5,907,000.

3. TRUST FUNDS

Trust funds and their related operations administered by the Region amounting to \$2,525,000 (1982 — \$2,647,000) are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

4. INVESTMENTS

The approximate market value as at December 31, 1983 is as follows:

	<u>1983</u> \$ (000's)	<u>1982</u> \$ (000's)
Short term investments	38,600	46,795
Long term investments	6,303	9,608
Investment in own debentures	<u>7,437</u>	<u>6,517</u>
	<u>52,340</u>	<u>62,920</u>



5. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the Region's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$9,551,000 (1982 — \$9,074,000) at the end of the year. An amount of \$2,495,000 (1982 — \$2,048,000) has been provided for this past service liability and is reported on the Consolidated Balance Sheet as a reserve.

6. NET LONG TERM LIABILITIES

	<u>1983</u> \$ (000's)	<u>1982</u> \$ (000's)
(a) The balance of net long term liabilities reported on the Consolidated Balance Sheet is made up of the following:		
Long term liabilities incurred by the Region	91,430	98,007
Long term liabilities incurred by others for which the Region has assumed responsibility	44,683	48,855
Long term liabilities incurred by the Region for which other governments have assumed responsibility	(38,668)	(41,840)
Ministry of the Environment debt retirement fund accumulated to the end of the year to retire the Region's related long term liabilities	<u>(1,439)</u>	<u>(1,268)</u>
Net long term liabilities at the end of the year	<u>96,006</u>	<u>103,754</u>

Included in the above net long term liabilities at the end of the year is an amount of \$13,386,000 (1982 — \$14,329,000) payable in U.S. dollars and converted into Canadian dollars at the rate prevailing when the liability was incurred. If the liability was converted into Canadian dollars at the closing exchange rate prevailing at December 31, 1983 the Region's net long term liabilities would be increased by approximately \$3,420,000 (1982 — \$3,496,000).



NET LONG TERM LIABILITIES — (continued)

- (b) Of the net long term liabilities certain principal payments do not represent a burden on general Regional revenue, as they are to be recovered in future years from other sources. The total principal payments for the periods 1984 to 1988, 1989 to 1993 and thereafter and the source of financing are summarized as follows:

	1984 to 1988	1989 to 1993	1994 and there- after	Outstanding Debt	
	\$ (000's)	\$ (000's)	\$ (000's)	Total 1983	Total 1982
Special charges on benefiting landowners	1,751	2,757	1,048	8,556	7,267
Water rates	11,639	11,101	3,163	25,903	29,764
Sewer rates	<u>7,570</u>	<u>7,013</u>	<u>16,941</u>	<u>31,524</u>	<u>33,932</u>
Total from other sources	<u>20,960</u>	<u>20,871</u>	<u>21,152</u>	<u>65,983</u>	<u>70,963</u>
Total from general revenue	<u>16,114</u>	<u>11,977</u>	<u>4,932</u>	<u>30,023</u>	<u>32,791</u>
Total	<u>37,074</u>	<u>32,848</u>	<u>26,084</u>	<u>96,006</u>	<u>103,754</u>

7. CONTRACTUAL OBLIGATIONS

- (a) The Region has agreements with the Ministry of the Environment and Ontario Housing Assistance Program for various capital projects. The outstanding future obligations under these agreements amount to \$27,713,000. The source of funds for future payments under these agreements will be through the Region's capital budget and related financing plan.
- (b) The Region has outstanding contractual obligations of approximately \$12,166,600 (1982 — \$30,328,000) for capital works. Regional Council has authorized the financing of these obligations.
- (c) The Region has executed lease agreements requiring annual payments chargeable to future years as they become due and payable. The only agreements of any significance are those for administrative office space. The estimated payment in each of the next five years is approximately \$1,000,000 per year.



CONTRACTUAL OBLIGATIONS — (continued)

- (d) The Region has entered into an agreement with Tricil Limited for the disposal of the Region's solid waste. The agreement escalates by the application of an annual inflation factor. The estimated cost in 1984 is \$7,850,000. The agreement expires December 31, 1990.

8. FUND BALANCES AT THE END OF THE YEAR

The fund balances at the end of the year are comprised of the following:

	<u>1983</u> \$ (000's)	<u>1982</u> \$ (000's)
Current Operating Fund analyzed as follows:		
Supplementary taxes	783	680
General surplus	<u>334</u>	<u>706</u>
For general reduction of taxation	<u>1,117</u>	<u>1,386</u>
Capital Fund		
Unexpended capital receipts	11,037	21,459
Unfinanced capital expenditure	<u>(11,909)</u>	<u>(11,292)</u>
	<u>(872)</u>	<u>10,167</u>

9. RESERVES AND RESERVE FUND

The total balance of reserves and reserve fund is made up of the following:

	<u>1983</u> \$ (000's)	<u>1982</u> \$ (000's)
Set aside for specific purposes by Council		
Capital	27,828	30,526
Ministry of the Environment Contingencies	446	314
Debt retirement	8,717	8,876
Sick leave	2,495	2,048
Working funds	11,515	6,172
Other	<u>5,304</u>	<u>2,396</u>
	<u>56,305</u>	<u>50,332</u>
Contributions for specific purposes by others		
Lot levies	<u>5,663</u>	<u>4,408</u>
	<u>61,968</u>	<u>54,740</u>



10. CHARGES FOR NET LONG TERM LIABILITIES

- (a) Total charges for the year for net long term liabilities were as follows:

	<u>1983</u> \$ (000's)	<u>1982</u> \$ (000's)
Principal payments including contributions to sinking funds and to the Ministry of the Environment Debt Retirement Fund	8,517	7,591
Interest	<u>9,407</u>	<u>9,987</u>
	<u>17,924</u>	<u>17,578</u>

- (b) Total charges for the year for net long term liabilities were recovered as follows:

General Regional revenue	6,193	6,889
Sewer and water rates	10,595	10,487
Reserves	<u>1,136</u>	<u>202</u>
	<u>17,924</u>	<u>17,578</u>

11. LIABILITIES UNDER PENSION PLANS

- (a) The Hamilton Municipal Retirement Fund

Approximately 520 employees of the Region will be future beneficiaries under the terms and conditions of this pension fund. As at December 31, 1983 the fund is estimated to be fully funded.

- (b) The Ontario Municipal Employees Retirement Fund

Under pension agreement, the Region is liable for the cost of past service benefits as at December 31, 1983 for an amount of \$719,000 (1982 — \$858,000). This amount is not reported on the Consolidated Balance Sheet. The liability will be met by annual payments from operating revenue over the next 11 years.

- (c) Transit Employees Pension Plan

Under agreement, the Region is liable for the cost of past service benefits as at December 31, 1983 for an amount of \$8,551,000 (1982 — \$9,241,000). This amount is not reported on the Consolidated Balance Sheet. The liability will be met by annual payments from operating revenue over the next 12 years.



12. CONTINGENT LIABILITIES

- (a) Mechanics liens in the approximate amount of \$3,000,000 have been registered against the lands involved in the Hamilton Secondary Stage Sewage Treatment Plant project.

The Ontario Court of Appeal has substantiated the validity of the liens against the City of Hamilton and the Region now stands in place of the City. The Supreme Court of Canada has subsequently confirmed the findings of the Ontario Court of Appeal. It is understood that the legal implications are complex and that any resulting liability could be paid by the Region, and/or the Province of Ontario, and/or the insurers of the general contractors.

Other legal actions are outstanding against the Region, the potential total liability for which is not significant.

- (b) The Region has assumed the liability for any cost awarded under the Workers' Compensation Act. An amount of \$30,000 (1982 — \$103,000) has been provided for this liability and is reported on the Consolidated Balance Sheet as a current reserve.

13. COMPARATIVE FIGURES

Except where specifically identified, 1982 comparative figures have been restated to conform to the Financial Statement presentation adopted for 1983.



To the Chairman,
The Members of Council,
Inhabitants and Ratepayers
of The Regional Municipality
of Hamilton-Wentworth.

We have examined the consolidated balance sheet of the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1983, the consolidated statement of operations, the consolidated statements of current and capital operations, and the reserves and reserve fund statement of continuity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1983 and the results of its operations for the year then ended in accordance with accounting principles prescribed for Ontario Municipalities applied, after giving retroactive effect to the changes in accounting policy as explained in note (2) to the financial statements, on a basis consistent with that of the preceding year.

Hamilton, Ontario
February 29, 1984

MacGILLIVRAY & CO.
Chartered Accountants
Municipal Licence No. 863/84

TRUST FUNDS



10TH ANNIVERSARY 1974-1984



	<u>Total</u> \$	<u>Welfare</u> <u>Trusts</u> \$	<u>Macassa</u> <u>Lodge</u> <u>Trusts</u> \$	<u>Wentworth</u> <u>Lodge</u> <u>Trusts</u> \$
BALANCE AT THE BEGINNING OF THE YEAR	2,647	8	1,762	877
Capital Receipts				
Residents' deposits net	40	—	—	40
Donations	25	—	—	25
Interest earned	<u>210</u>	<u>—</u>	<u>127</u>	<u>83</u>
	275	—	127	148
Expenditure	5	—	—	5
Residents' withdrawals — net	<u>392</u>	<u>—</u>	<u>392</u>	<u>—</u>
	397	—	392	5
BALANCE AT THE END OF THE YEAR	<u>2,525</u>	<u>8</u>	<u>1,497</u>	<u>1,020</u>

BALANCE SHEET
as at December 31, 1983

	<u>Total</u> \$	<u>Welfare</u> <u>Trusts</u> \$	<u>Macassa</u> <u>Lodge</u> <u>Trusts</u> \$	<u>Wentworth</u> <u>Lodge</u> <u>Trusts</u> \$
ASSETS				
Cash & short-term deposits	1,596	—	1,486	110
Long-term securities	910	—	—	910
Due from revenue fund	<u>19</u>	<u>8</u>	<u>11</u>	<u>—</u>
	<u>2,525</u>	<u>8</u>	<u>1,497</u>	<u>1,020</u>
LIABILITIES				
FUND BALANCE	<u>2,525</u>	<u>8</u>	<u>1,497</u>	<u>1,020</u>

All figures are in thousands of dollars



To the Chairman,
The Members of Council,
Inhabitants and Ratepayers
of The Regional Municipality
of Hamilton-Wentworth.

We have examined the balance sheet of the Trust Funds of the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1983 and the statement of continuity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Trust Funds for the Corporation of The Regional Municipality of Hamilton-Wentworth as at December 31, 1983 and the continuity of trust funds for the year then ended in accordance with accounting principles prescribed for Ontario Municipalities applied on a basis consistent with that of the preceding year.

Hamilton, Ontario
February 29, 1984

MacGILLIVRAY & CO.
Chartered Accountants
Municipal Licence No. 863/84

FUND ANALYSIS



10TH ANNIVERSARY 1974-1984



As a result of a major review by the Province of Ontario of the best way to disclose local government financial transactions, a new statement is included in the 1983 Financial Report, the Consolidated Statement of Operations. This statement shows, on an overall corporate basis, all the transactions of the Region, regardless of their nature, current or capital. Although this does not replace the separate statements of current and capital operations, it enables the reader to have an overview of all transactions for the year, on comparative basis, with interfund transactions eliminated.



The Current Fund records the ongoing operations of the Region. It accounts for all revenue and expenditure not restricted or otherwise accounted for separately. Revenue which is unrestricted in use, such as the general taxation revenue of a municipality, is found in the Current Fund.

All expenditure and revenue of the current fund are reported on a functional basis. Functional classification for revenue reporting include Ontario grants, Canada grants, general grants, fees and charges from other municipalities, fees and service charges and donations.

The functional classifications of expenditure describe the nature of the service provided, ie. Social Services, Protection to Persons and Property, Transportation Services, General Government, etc. In addition, expenditure is reported on a "type of expenditure" basis within each functional area. Ontario Municipalities classify their expenditure as Salaries and Wages, Debt service charges, Materials, Supplies or Services, Transfers to own funds, Grants and assistance, or Interfunctional transfers. The Province of Ontario (in addition to on-going consultation), provides municipalities with guidelines to assist with the recording of financial activity.

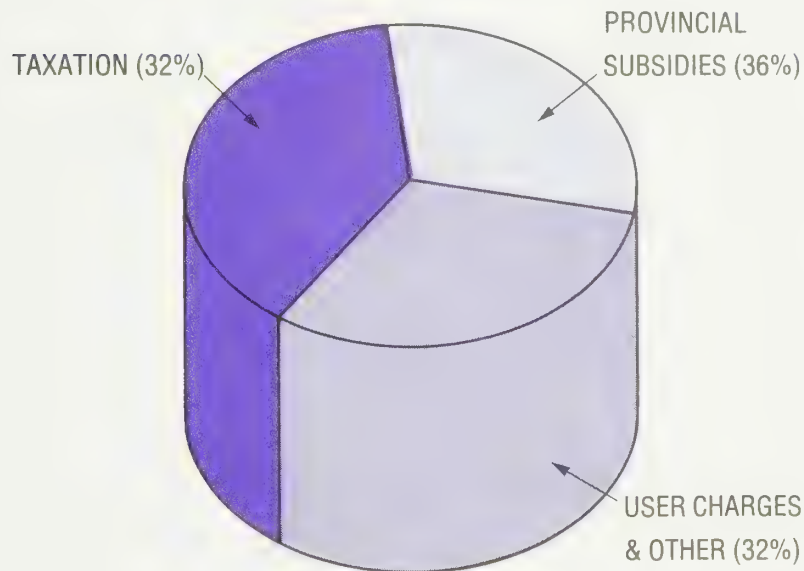
The Regional levy increase for 1983 was 4.3%. This was reduced by a .68% growth in assessment resulting in a net increase in the general levy of 3.6%. This, compared to the inflation rate of 6% for 1983, reinforces Regional Council's commitment to maintain cost control and efficiency without disrupting existing services to the inhabitants and ratepayers of Hamilton-Wentworth. Reflection upon the general levy and Consumer Price Index increases for the years 1979-1982 will serve to more than substantiate Council and Management performance. Consumer Price Index increases were 9.3%, 10.4%, 12.5% and 11.5% (1982) with Regional general levy increases being 7.4%, 10.8%, 7.7% and 6.2% respectively. To put the 1983 general levy increase into perspective, the 3.6% increase in the Regional levy works out to an average increase of \$11 per household.

Funding for the Region's current operation is primarily from three sources — user charges, property taxation and Provincial subsidies. The Current Fund has generated a surplus every year since the Region's inception; products of care exercised in the budget process and effective cost control. The Current Fund surplus for 1983 was \$1.1 million. Of this total, \$0.8 million was generated by Supplementary Taxes, with the remaining \$0.3 million resulting from efficient operations. It should be noted also that the current fund operation benefited from a metered water and sewer Revenue accrual for the first time in 1983. The accrual of \$4.3 million, in addition to \$0.7 million resulting from efficient sewer and water operations for 1983, was transferred to reserves at year-end.

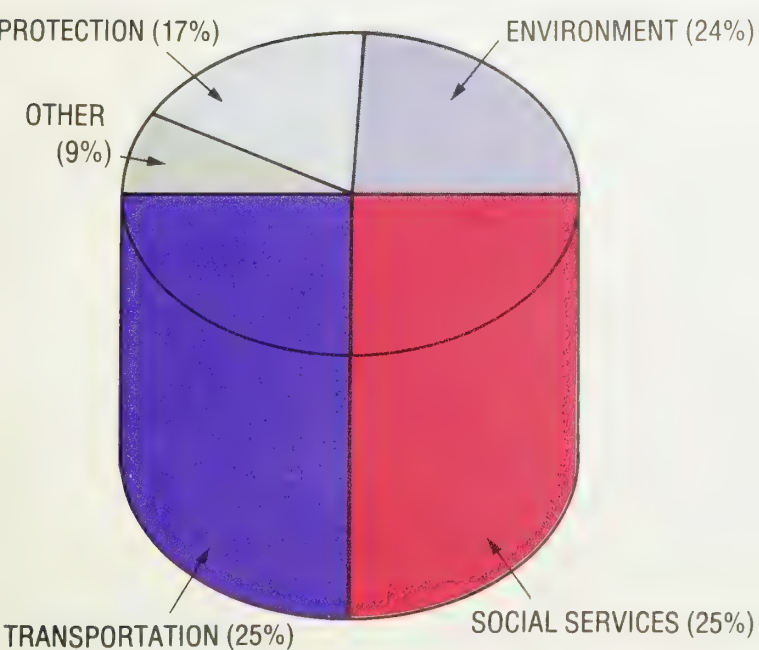
The charts that follow give an overview of the nature of our current years' current fund operations.



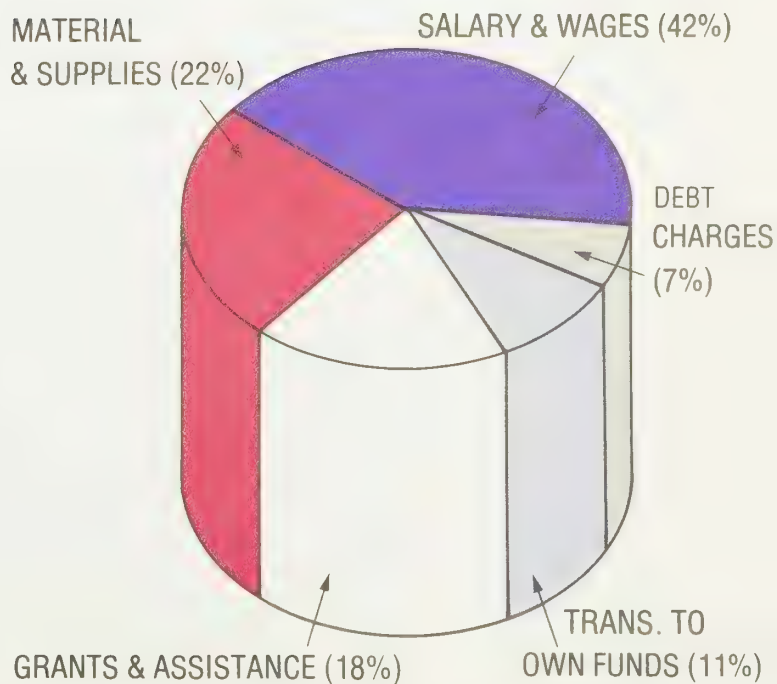
REVENUE - 1983



EXPENDITURE - 1983 BY FUNCTION



EXPENDITURE - 1983 BY OBJECT





The Capital Fund accounts for the source and application of all capital funds. Among the sources of capital financing are long term borrowing, contributions from other governments and money provided through current taxation. All long-term expenditure, regardless of how it is financed, and all funds that a municipality obtains through long-term financing are reported in the capital fund. Expenditure reported in the Capital Fund is classified as significant and normally confers benefit lasting beyond one year and results in the acquisition of, or extends the life of a fixed asset.

Capital expenditure for 1983 amounted to \$47.8 million with Capital financing of \$36.8 million. Unexpended capital receipts from 1982 were \$10 million, and 1983 closed with a net \$0.9 million unfinanced capital outlay.

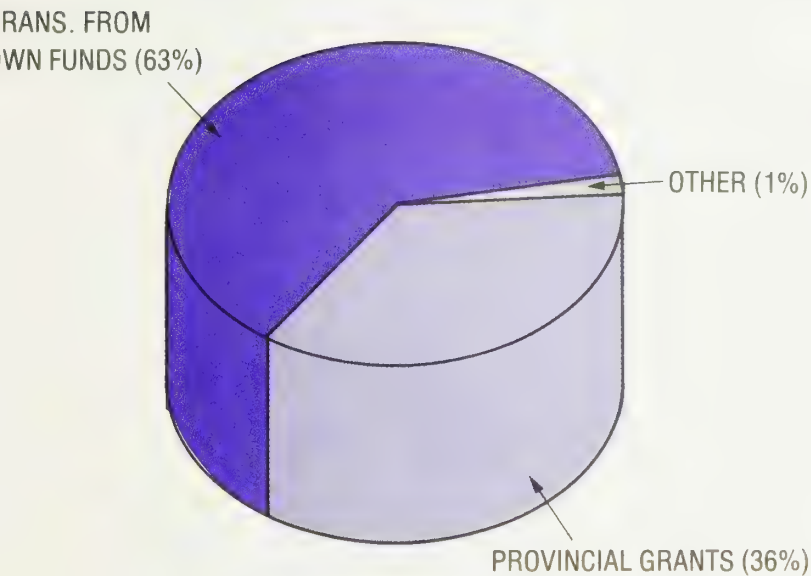
It should be noted that the year-end balance is represented by \$11 million of unexpended capital receipts available to finance future capital expenditure, and \$11.9 million of capital expenditure for which financing has not yet been secured; the bulk of this financing will be from other governments and transfers from reserves under the "Pay-As-You-Go" policy.

Hamilton-Wentworth's "Pay-As-You-Go" program began in the Region's early years with Regional Council adopting financial policies that would permit a gradual conversion to a "Pay-As-You-Go" capital spending program. In 1983, this Region formalized this program and adopted a three phase plan with an ultimate objective being the combination of the capital spending program with the operating program via a financing mix of current contributions and revolving reserve fund borrowings. The Region's increasing ability to implement and adhere to established plans and policies is amplified by the fact that the major source of capital funding for the years 1974 to 1978 was long-term debt, averaging 50% of total capital revenue. For the years 1979 to 1983 long-term debt averaged only 10% of capital financing with internal financing accounting for 70%.

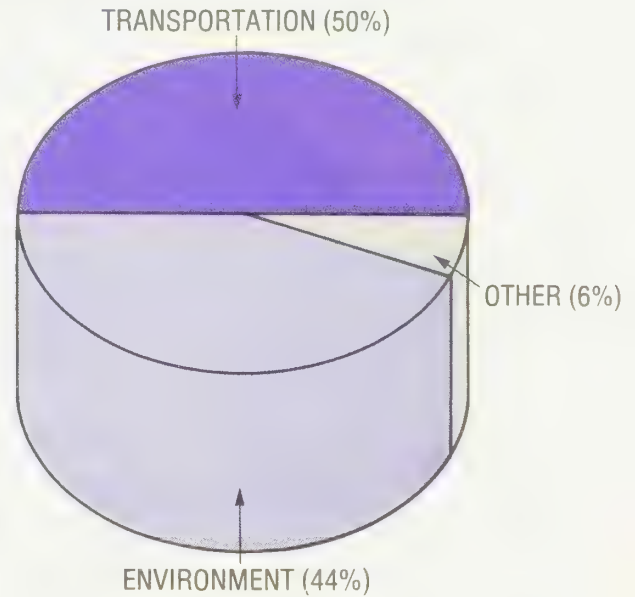
The following graphs provide an overview of the nature of capital operations for 1983 in addition to a forecast of future long-term debt burden.



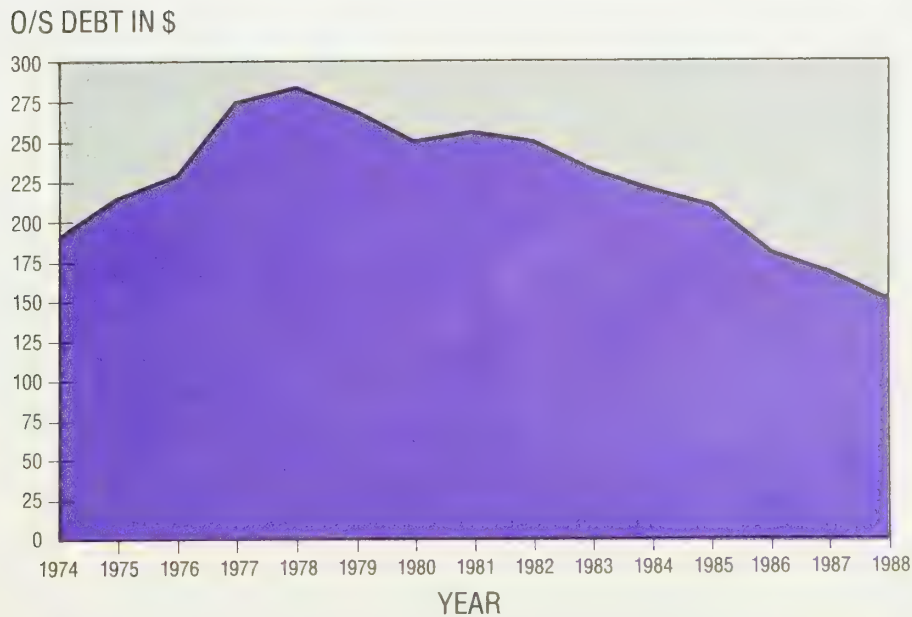
REVENUE - 1983 \$36.8 MILLION



EXPENDITURE - 1983 \$47.8 MILLION



PER CAPITA OUTSTANDING DEBT 1974-1988





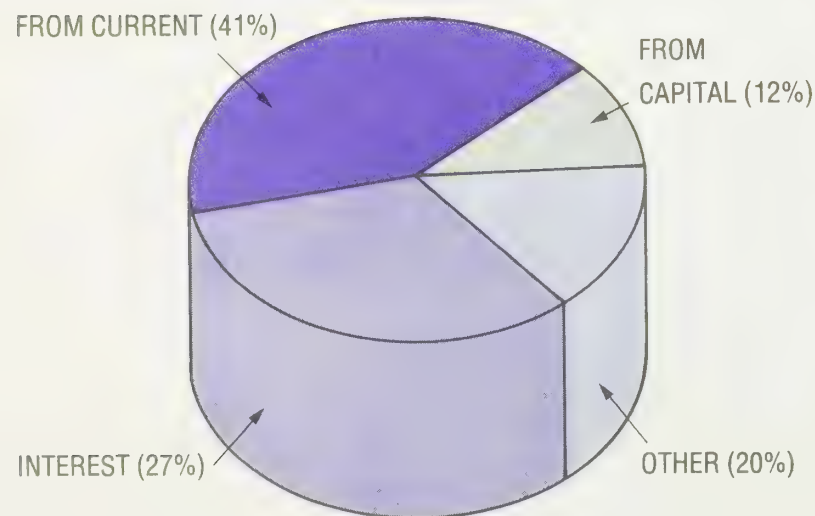
Reserves and Reserve Funds are established to account for assets which have been segregated for a specific purpose, either voluntarily or because of legal or contractual reasons. As an illustration, contractual agreements with subdivision developers under which the municipality has received money to provide for the installation of water and sewage services will give rise to Reserve Funds. Other Reserves may result from a decision of Regional Council or one of its local boards to set aside money for a specific purpose.

Reserves have been established by the Region and designated for current purposes (vehicle replacement, building replacement), capital financing and rate stabilization. The existence and growth of the reserves will act as a buffer against future unexpected costs, and will lessen the burden on future ratepayers as capital programs can be undertaken on a self-financing basis.

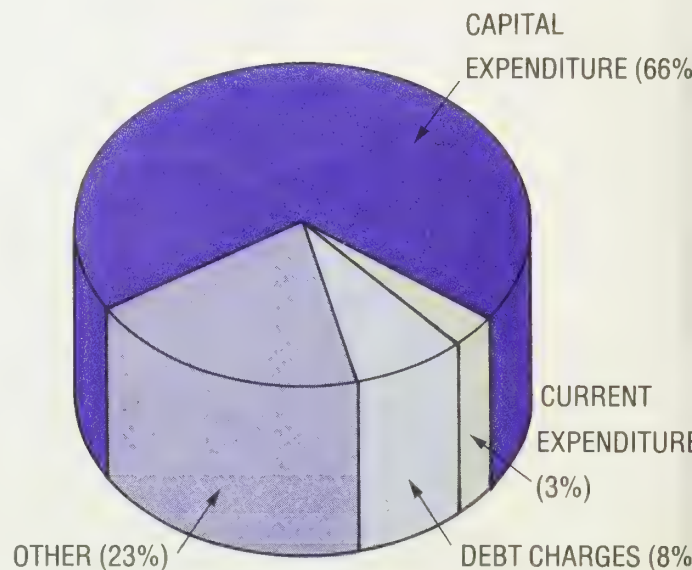
Reserve and Reserve Fund balances have increased by \$7.2 million as a result of 1983 operations. It should be noted that investment income for 1983 represented 27% (37% for 1982) of the total reserves revenue and contributions from current operations 41% (44% for 1982). Capital expenditure financed from reserves was \$9.5 million or 66% of reserve expenditure (23% in 1982), reflecting the start of Phase II of the "Pay-As-You-Go" policy.

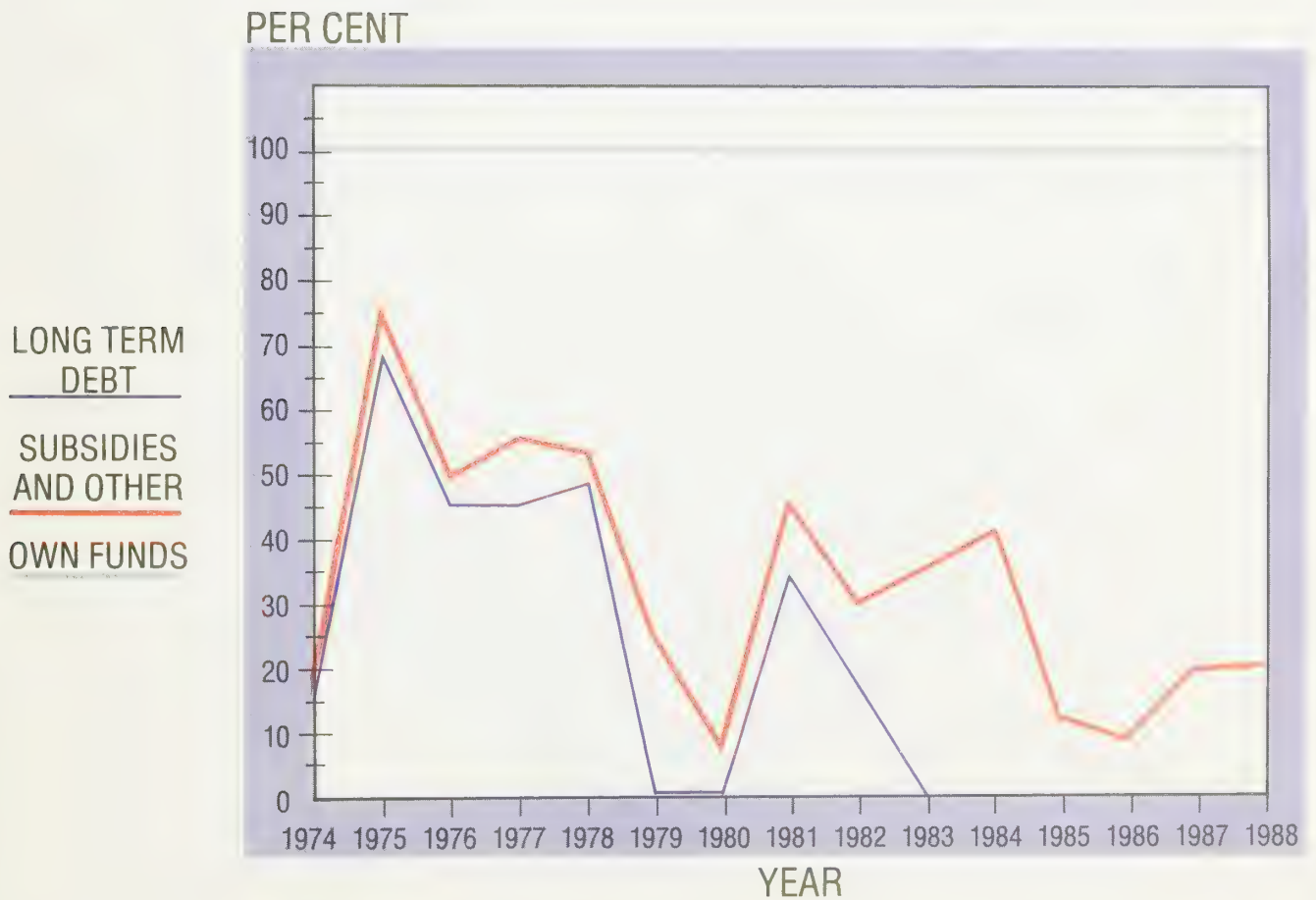
The following charts provide a perspective on our current year's reserve activity along with a reflection/projection of capital financing mix.

REVENUE - 1983 \$21.7 Million



EXPENDITURE - 1983 \$14.4 Million





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